

Taiwan Business Indicators in April 2008

Press Release

Council for Economic Planning and Development

May 27, 2008

In April 2008, Taiwan's business cyclical indicators displayed signs of a slowdown of the economy. Among the indicators compiled by the Cabinet's Council for Economic Planning and Development (CEPD), the annualized six-month rate of change of leading index decreased 0.4 point and the trend-adjusted coincident index decreased 0.1% from the previous month. The monitoring indicators signaled "green" for the sixth consecutive month. The oil market remains tight and financial turbulence clouds world growth prospects, these effects will dampen the prospects for the Taiwan's economy.

1. **Leading Indicators:** The composite leading index stood at 109.4, remained at the same level as in March. Its annualized six-month rate of change decreased by 0.4 point to 2.2%, which displayed a downtrend from November 2007. Among the seven indicators making up the composite index, stock price index, average monthly overtime hours in industry and services and the index of producer's inventory had positive cyclical movements from previous month. Building permits, SEMI book-to-bill ratio, the index of export orders, real monetary aggregates M1B* had negative cyclical movements from previous month.

(Note: components marked with an asterisk indicate real terms)

2. **Coincident Indicators:** The coincident index stood at 113.2, up by 0.4% from March. Its trend-adjusted series decreased by 0.1% to 100.3. Among the seven indicators making up the composite index, electric power consumption, imports* of machineries and electrical equipments and nonagricultural employment have positive cyclical movements from previous month. Index of industrial production,

customs-cleared exports*, manufacturing sales* and Sales index of wholesale, retail and food services have negative cyclical movements from previous month.

3. The Monitoring Indicators: The total score in March was adjusted to 26 from 27, following a downward revision in manufacturing sales. The total score in April increased 1point to 27, flashing the "green" signal for the sixth consecutive month. Among the nine components, five showed changes in their individual light signals, three with gains and two with loss. The improvement was recorded in stock prices, nonagricultural employment, wholesale, retail and food services. The fall was recorded in Customs-cleared exports and imports of machineries and electrical equipments. The light signals for money supply M1B, industrial production, manufacturing sales, direct and indirect finance remained unchanged.

~~ The next release is scheduled for June 27, 2008 ~~

Leading Indicators

Seasonally adjusted

	2007			2008			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite Index	108.8	109.1	108.9	109.1	109.3	109.4	109.4
Change from preceding month (%)	0.6	0.3	-0.2	0.2	0.2	0.1	0.0
Annualized 6-month rate of change (%)	5.6	5.0	3.9	3.4	3.0	2.6	2.2
Change from preceding month (point)	0.2	-0.6	-1.1	-0.5	-0.4	-0.4	-0.4
Components							
Index of export orders (2006=100)	114.9	115.9	117.8	118.3	115.7	117.9	116.9
Real monetary aggregates M1B (NT\$ billion)	8,142	8,008	7,856	7,804	7,710	7,822	7,816
Stock prices (1966=100)	9,605	8,800	8,309	7,923	7,999	8,440	8,878
Index of producer's Inventory (2006=100)	101.5	102.1	101.5	103.6	103.6	104.0	104.0 _p
Average monthly overtime in industry and services (hours/month)	9.4	9.3	9.2	9.1	9.1	9.3	9.3 _p
Building Permits * (1000m2)	2,661	2,636	3,042	2,511	2,045	2,042	2,248
SEMI Book-to-Bill Ratio	0.80	0.82	0.85	0.89	0.92	0.87	0.81

Note : 1. p=Preliminary.

2. * Including only housing, mercantile, business and service, industry warehousing.

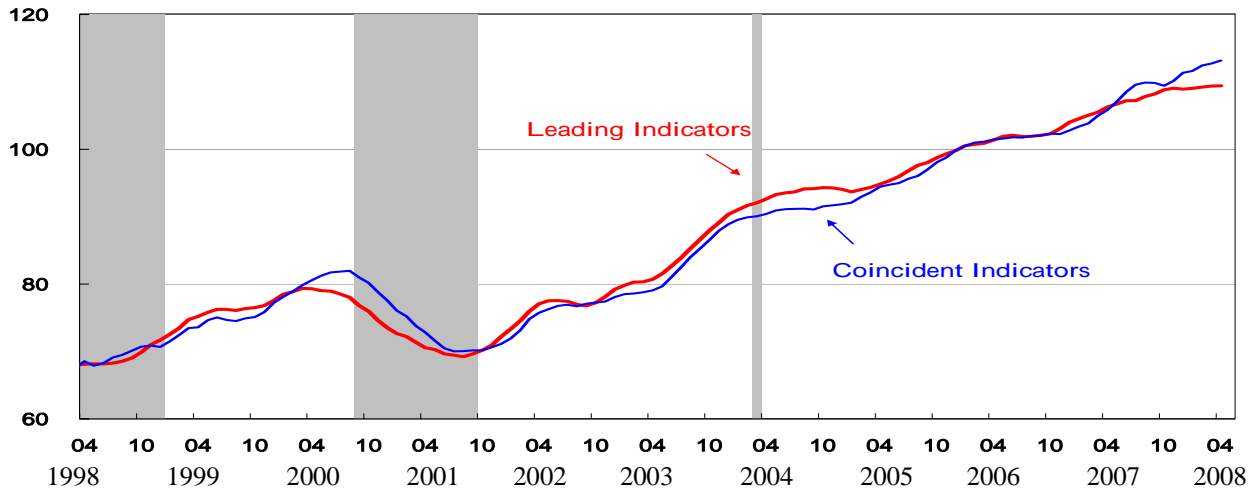
Coincident Indicators

Seasonally adjusted

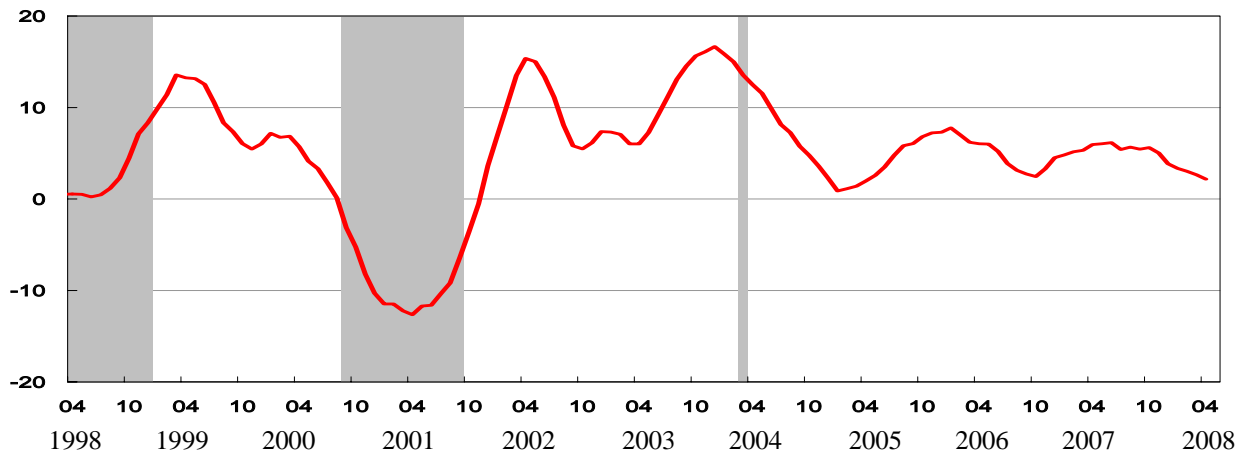
	2007			2008			
	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Composite Index	109.4	110.2	111.4	111.6	112.4	112.8	113.2
Change from preceding month (%)	-0.4	0.7	1.1	0.3	0.7	0.3	0.4
Trend adjusted index	100.0	100.2	100.7	100.5	100.7	100.5	100.3
Change from preceding month (%)	-0.9	0.2	0.5	-0.3	0.2	-0.2	-0.1
Components							
Industrial production (2006=100)	112.3	112.8	113.5	112.9	115.3	113.5	113.9
Electric power consumption (billion KWH)	10.98	10.85	10.76	11.34	11.24	10.33	11.68
Real manufacturing sales (NT\$ billion)	842.3	828.4	843.3	820.3	871.6	836.7	832.2 _p
Sales index of wholesale, retail, and food services (2001=100)	127.5	123.4	125.7	127.2	124.9	124.8	125.3
Nonagricultural employment (1,000)	9,773	9,790	9,813	9,824	9,842	9,852	9,869
Real customs-cleared exports (NT\$ billion)	680.3	655.9	692.8	676.4	704.6	720.1	672.8
Real machineries and electrical equipments imports (NT\$ billion)	196.6	200.6	221.5	236.9	221.2	235.9	227.0

Note : p: Preliminary.

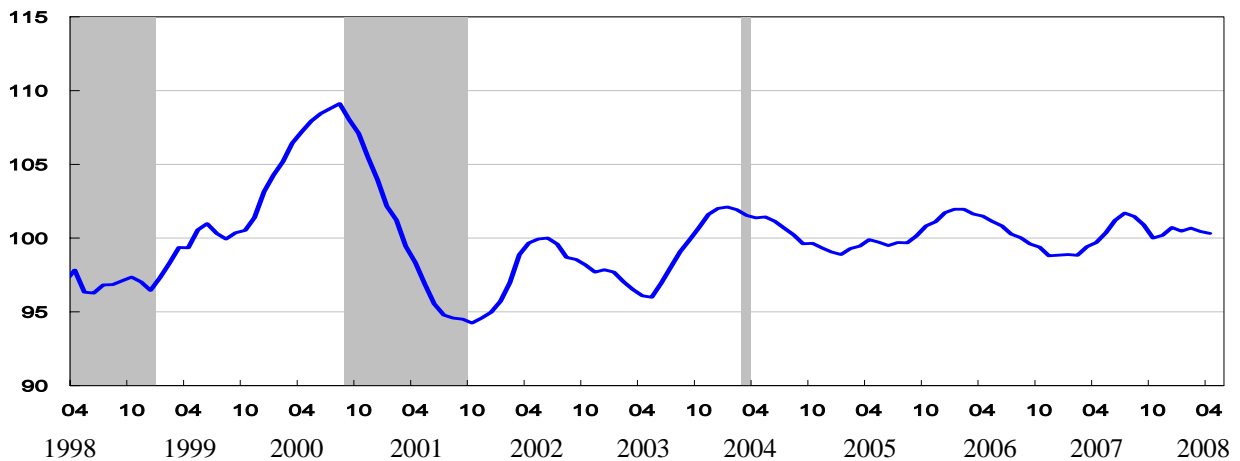
Composite Indices of Cyclical Indicators



Annualized 6-month rate of change of composite leading index



Trend-adjusted composite coincident index



Shaded areas represent recessions.

The CEPD has determined that a peak in the 11th business-cycle occurred in March 2004.

Monitoring Indications

Month	2007						2008										
	4	5	6	New Series beginning in July 2007*			7	8	9	10	11	12	1	2	3	4	
Total				New Series beginning in July 2007*													
Light Score	18	20	25	New Series beginning in July 2007*			30	30	32	32	28	29	29	27	26 _r	27	
Monetary Aggregates M1B, yoy %				Monetary Aggregates M1B													-1.6
Direct and Indirect Finance, yoy %				Direct and Indirect Finance													3.2
Bank Clearings and Remittance, yoy %				Stock Price Index													11.1
Stock Price Index, 1966=100, yoy%				Industrial Production Index													9.6
Manufacturing New Order Index, 1996\$, 1976.1=100, yoy %				Nonagricultural Employment													1.5
Exports, 2001\$, yoy %				Exports													5.2
Industrial Production Index, 2001=100, yoy %				Imports of Machinery and Electrical Equipment													-2.9
Manufacturing Inventory-to-Sales ratio, %				Manufacturing Sales													10.2 _r
Nonagricultural Employment, yoy %				Wholesale, Retail and Food Services Sales													2.4

Booming
 Transition in need of watching
 Steadily moving forward
 Transition in need of watching
 Sluggish

*Components are in terms of percentage changes over 1-year span. All components, except stock price index, have been seasonally adjusted. The coverage of "direct and indirect finance" has been adjusted by the Central Bank and is used in the new series.